

GOVERNMENT OF TELANGANA

ABSTRACT

RWS&S- Telangana Drinking Water Supply Project (Mission Bhagiratha) - Telangana Drinking Water Supply Corporation Limited borrowing Term Loan of Rs.500.00 crores as Indian Overseas Bank as its share in the Vijaya Bank led consortium of Nationalized Commercial Banks for implementation of Godavari- Kothagudem, Dummugudem Segment, Khammam District with an estimated Project Cost of Rs.2427.00 Crores - Permission – Accorded- Orders- Issued.

PANCHAYAT RAJ AND RURAL DEVELOPMENT (RWS-IV) DEPARTMENT

G.O.Rt.No.227.

Dated:25.03.2017

Read the following:-

1. G.O.Ms.No.17, PR&RD (RWS) Dept., dt.30.1.2015 & G.O.Ms.No.43, PR&RD (RWS.IV) Dept., Dt.15.5.2015
2. Minutes of meeting dated.13.3.2017.
- 3.From the Branch Head, Indian Overseas Bank, Large-Corporate Branch, Jubilee Branch, Hyderabad, Ref.No.IOB/2757/ADV/2016-17 Dated.20.1.2017.
- 4.From the ENC, RWS&S, Hyd, Lr.No. A2/TDWSP/Indian Overseas Bank/Phase-II//2016 Dt:16.03.2017.

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ORDER:-

In G.O. 1st read above, orders have been issued constituting the Telangana Drinking Water Supply Corporation (TDWSC) to execute and maintain the Telangana Drinking Water Supply Project (Mission Bhagiratha).

2. In the reference 2nd read above, Vijaya Bank, Hyderabad, has agreed to be the lead bank of consortium of Nationalized commercial banks for sanction of term loan of Rs.1500.00 Crores out of 1941.60 crores (80% of Project cost of Rs.2427.00 Crores) to Telangana Drinking Water Supply Corporation for implementation of Mission Bhagiratha for providing drinking water to Godavari- Kothagudem, Dummugudem Segment, Khammam District (Segment 25/A is covering northern part of the Khammam district covering 22 mandals). They have also requested the Managing Director, Telangana Drinking Water Supply Corporation to give acceptance for the terms and conditions set out by Vijaya Bank.

3. In the reference 4th read above, the Engineer-in-Chief, Rural Water Supply & Sanitation, Hyderabad has stated that the proposals were submitted to the Indian Overseas Bank for part funding as its share of Vijaya Bank led Consortium of Nationalized Commercial Banks for implementation of above segment. He has also stated that the Indian Overseas Bank, Hyderabad has forwarded the Term loan sanction letter for implementation of above segment under Mission Bhagiratha, for an amount of Rs.500.00 cores as its share in the consortium along with terms and conditions of Vijaya Bank led consortium for acceptance by the competent authority. He has requested the Govt., to provide concurrence/approval for the terms and conditions of loan sanctioned for the above segment and to issue necessary orders to execute the loan agreement with Vijaya Bank consortium.

4. Government after careful examination of the matter, hereby accord permission to the Managing Director, Telangana Drinking Water Supply Corporation Limited to borrow the loan amount of Rs.500.00 Crores (Rupees Five hundred crores only) from Indian Overseas Bank as its share against the Vijaya Bank led consortium loan amount of Rs.1941.60 crores for implementation of Mission Bhagiratha for providing drinking water to Godavari- Kothagudem, Dummugudem Segment, Khammam District (Segment 25/A is covering northern part of the Khammam district covering 22 mandals) with total estimated project cost of Rs.2427.00 crores (including Interest during construction), as per terms and conditions of Vijaya Bank led consortium with finer rate of interest of Three Year MCLR+0.45% i.e. 10% p.a. (including TP) at present, at monthly rests. He is also permitted to execute loan agreement with Vijaya Bank led consortium. Government of Telangana will stand as guarantee for repayment of loan taken from Indian Overseas Bank covering principal and interest through Vijaya Bank led consortium. The state margin money (20% of the project cost) of Rs.125.00 Crores (Rupees One hundred and Twenty Five crores only) will be met by the Government of Telangana through budgetary support. The terms and Conditions approved by the Government are appended as Annexure to this order.

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5. The guarantee commission shall be paid at the rate of 2% consolidated for the entire guarantee period to State Government and the same shall be charged to the project cost from the savings available (if any) or project cost to be revised duly considering the guarantee commission. The TDWSCL shall remit the amount to Government to the following Head of Account: "0070 Other Administrative Services – 60. Other Services – MH 800. Other Receipts – SH 08 Commission for guarantee given by Government".
6. The Managing Director, Telangana Drinking Water Supply Corporation shall take necessary action in the matter accordingly.
7. This order is issued with the concurrence of the Finance (DCM) Department vide their U.O.No1727-D/67/A1/2017, Dated.24.3.2017.
8. This order is available on the internet and can be accessed at the address <http://www.goir.Telangana.gov.in>.

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF TELANGANA)

**S.P. SINGH
CHIEF SECRETARY TO GOVERNMENT &
SPECIAL CHIEF SECRETARY TO GOVERNMENT (FAC)**

To
The Managing Director,
Telangana Drinking Water Supply Corporation, Hyderabad.
The Director of Treasuries and Accounts, Telangana State, Hyderabad.
The Accountant General, Telangana State, Hyderabad.

Copy to:

The PS to Secretary to Hon'ble Chief Minister
The PS to Chief Secretary to Govt.
The Finance (DCM) Department.
The PS to Special Chief Secretary, (PR&RD) (FAC)
The Engineer-in-Chief, RWS&S, Hyderabad.
The Vijaya Bank, Hyderabad through ENC, RWS&S.
The Indian Overseas Bank through ENC, RWS&S.
The Advisor to Govt., RWS&S Dept.

//FORWARDED::BY ORDER//

SECTION OFFICER

(Contd. to Annexure)

ANNEXURE to the G.O.Rt.No.227, PR&RD (RWS.IV)Dept., dt:25.3.2017

The terms and conditions approved by the Government:-

1	Name and address of the Borrower/s	M/s Telangana Drinking Water Supply Corporation Limited Room No 302, 3rd Floor, SRTGN Bhavan, Erramanzil Colony, Hyderabad 500082 CIN: U41000TG2015SGC097790	
		PAN	AAFCT2610P
		Constitution of the borrower	Limited Company
		Line of activity	To provide drinking water for the entire state of Telangana
		Customer ID	111844049
2	Name and address of the Guarantor/s	Unconditional and Irrevocable guarantee of Government of Telangana State guaranteeing the repayment of Principal and Interest.	
		PAN No./s	AAFCT2610P
3	Nature of facility (Secured/Unsecured)		Secured
4	Type of Loan (WC/TL etc)		Term Loan
5	Amount sanctioned		Rs.500.00 crores (Rupees Five Hundred Crores Only)
6	Margin/promoter's contribution		20%
7	Purpose of Loan		To part fund the following segment for supply of drinking water under Mission Bhagiratha: Godavari – Kothagudem, Dummugudem Segment, Khammam District (Segment 25/A is covering northern part of the Khammam District covering 22 mandals) at an estimated hard cost of Rs.2082.00 Crore. The IDC for the above segment is estimated at Rs.345.00 Crore i.e. total Project Cost is estimated at Rs.2427.00 Crore.
8	Details of security/ies (Percentage of share for Consortium advances)	Primary:	Fresh term Loan:- First pari passu Charge by way of hypothecation on project assets [Godavari – Kothagudem, Dummugudem Segment] created out of term loan funded. Existing term Loan:- Exclusive Charge by way of hypothecation on project assets [Mancherial & Chennur and Kadem - Khanapur Segment] created out of term loan funded.
		Value:	Hard Cost – Rs.2082.00 crore IDC – Rs.345.00 crore Total – Rs.2427.00 crore
		Collateral:	Nil
		Value:	Not applicable
9	Rate of interest	Fixed or Floating	Floating
		Rate:	Three Year MCLR+0.45% i.e. 10% p.a. (including TP) at present, at monthly rests.
		Reset clause, if any	Every Year
		Penal Interest	2%
	In case of NFB facilities	Commission	Not Applicable
		Cash margin	Not Applicable
10	Terms of repayment for Term Loans	Holiday period, if any	Principal repayment will commence after 36 months from the date of first disbursement.
		EMI Loans	Not Applicable
		Non-EMI Loans	Repayable in 48 structured quarterly installments commencing after 36 months from the date of first disbursement (first installment due at the end of 39th month from the date of first disbursement) with a door to door tenor of 15 years and Interest to be serviced as and when debited. Interest to be reset every years.
		Door to Door maturity period	
		Date of Commencement of Commercial Operations	

Payment Schedule				(In Cores)		
FY Ending	No of Quarters	%age of repayment	Consortium		Our Share	
			Per quarter	Per Year	Per quarter	Per Year
2020	4	8%	38.83	155.33	10.00	40.00
2021	4	8%	38.83	155.33	10.00	40.00
2022	4	8%	38.83	155.33	10.00	40.00
2023	4	8%	38.83	155.33	10.00	40.00
2024	4	8%	38.83	155.33	10.00	40.00
2025	4	8%	38.83	155.33	10.00	40.00
2026	4	8%	38.83	155.33	10.00	40.00
2027	4	8%	38.83	155.33	10.00	40.00
2028	4	8%	38.83	155.33	10.00	40.00
2029	4	8%	38.83	155.33	10.00	40.00
2030	4	10%	48.54	194.15	12.50	50.00
2031	4	10%	48.54	194.15	12.50	50.00
TOTAL		100%		1941.60		500.00
11	Expiry Date		15 years from the date of first disbursement			
12	Mode of disbursement		Through current account with our bank			
13	Processing Charges/ Documentation Charges etc.,		Type of Charge		Amount	
			Processing (Working Capital limits –Fund based & Non-fund based)		Not Applicable	
			Upfront Fee (Term loans)		0.10% of the loan amount plus applicable taxes	
			Documentation Charges		Waived	
			Pre closure/pre payment charges (if applicable)		Waived	
			Commitment charges		Waived	
			Other charges if any (specify)		Waived except actual out of pocket expenses	
14	Other approvals required (if any)		(a) Waiver of Internal and External Ratings. Approval of following mechanism at the time of each disbursement under term loan: a. Expenditure Estimate shall be submitted by the corporation based on which our bank shall release 80% of the cost estimate. b. After the payment / pass memo by Finance Department, the share of Government (i.e. margin of 20%) will be released and the Corporation shall incur the expenditure. c. Certificate for the expenditure incurred out of term loan availed earlier will be issued by External agency (Chartered Accountant) and the same would be submitted by the corporation before approaching for subsequent disbursement.			
15	Terms and Conditions		As per Annexure-II			

Annexure-II
TERMS AND CONDITIONS:

A. Specific terms and conditions:
PRE- DISBURSEMENT:

1. An undertaking from authorized officer of Corporation to be submitted stating that term loan is not in lieu of or to substitute budgetary resources envisaged for the project
2. The corporation to regularize overdues in the account.
3. Properly worded Resolution of the Board should be submitted for the borrowing proposed, as well as for execution of documents and persons authorized for executing the Documents.

4. The Company to undertake to utilize the funds for the purpose for which the subject loan has been sanctioned. There should not be any diversion for other purposes.
5. The Corporation to undertake that all the approvals required for implementation of the project is held on record
6. The Corporation to arrange for submission of Letter of Commitment / Government order from the finance department, Government of Telangana for contributing to 20% of the Project Cost (including IDC) as margin and continue the same till the entire outstanding with the bank is cleared.
7. The State Govt. shall approve for the proposed borrowings of Rs.500 crore, extending Govt. guarantees along with approval of 20% of the project cost as their margin.
8. The credit facility will be released upon full financial tie up and joint documentation.
9. Approval of other issues is subject to similar approvals from all other consortium banks. The sanction copies to be submitted.
10. The Corporation shall submit resolution under Companies Act 2013 fixing its borrowal limit.
11. The Corporation to undertake to service the bank loans (including interest) from project revenues
12. The Corporation shall undertake that in case of any cost overrun, the same would be funded by corporation without any recourse to bank.
13. The Corporation shall undertake that in the event of reduction in the project cost on account of any savings from duties / taxes, price negotiation etc. there will be a pro rata reduction in means of finance also.
14. All the out of pocket expenses including stamp duty charges, ROC filing charges, search report, etc. to be borne by the Corporation.
15. Corporation to ensure that necessary land is acquired for smooth implementation of the project.

OTHER CONDITIONS:

16. It should be ensured that registration of charges with ROC for existing credit facility has been created and necessary search report to be submitted.
17. Neither the concessional ROI nor the concessional charges (processing charges, upfront fees and other charges) shall be lower than that charged by any of the consortium members.
18. The corporation to give an undertaking that there is no inter-state disputes that effect the progress / implementation of the project.
19. End use of funds should be ensured by the corporation.
20. Other terms and conditions proposed by consortium Member Bank will mutatis mutandis be applicable to our sanction also.
21. The Corporation to submit audited financial statements of its working results at regular intervals.
22. Corporation should ensure regular repayment of existing as well as proposed loan.
23. In case the Corporation commits default in the repayment of loan/advance or in the payment of interest thereon or any of the agreed installments of the loan on due date, the bank, CIBIL/ other credit information agency and/or RBI will have an unqualified right to disclose or publish the names of the concern and its partners as defaulters in such manner and through such medium as the bank/RBI in their absolute discretion may think fit.

S.P. SINGH
CHIEF SECRETARY TO GOVERNMENT &
SPECIAL CHIEF SECRETARY TO GOVERNMENT (FAC)

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SECTION OFFICER